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NAFA

Bulletin

The Magazine for Fleet Administrators

January 1984

1984 MAKE A SAFE YEAR FOR YOU & YOUR DRIVERS!

news highlights

NAFA's Annual Conference in Los Angeles To Feature 3 Sets of Workshops

NAFA's 27th Annual Conference in Los Angeles, March 17-21, 1984, will be devoted to striving for new goals in fleet management. Each day of the conference will focus on one of three management themes stressing a specific aspect of management — each vital to fleet professionals. They are "New Management Concepts," (Monday); "Fleet Management Concepts," (Tuesday); and "Solving Vehicle Management Problems," (Wednesday). The wide range of topics highlighting each day's theme will be covered by experts in the field, and handled in a variety of interesting, informative formats.

General Sessions and Seminars

The official conference business sessions will begin on Monday, March 19, with the opening general session "Good Management, Its Right Structure and Processes," presented by Ichak Adizes, Ph.D., Professor of Managerial Studies, UCLA, and president, The Adizes Institute. According to Dr. Adizes, the fleet manager should be aware of how to bring about both short term and long term efficiency within his/her environment using right people, in the right structure with the right process in order to conduct good management. Dr. Adizes will answer these three management questions: "What is good management?" "What is the right structure?" and, "What are the right processes?" Dr. Adizes will also discuss the basic tasks fleet managers perform — providing a service, managing a huge asset, and managing people with whom he or she usually has had no contact with.

Sessions on Management

The concurrent sessions, "Managing with People — For Team Problem Solving," and "Understanding Your Different Management Roles," will be led by senior staff associates of the Adizes Institute, Jan E.F. Rasmussen, Associate/Phase Specialty, director of International Operations, and Efraim Turban, Ph.D. They will go into further detail by describing the different combinations of styles between people that contribute to good management.

Diane Steed, administrator of the National Highway Traffic Safety Administration (NHTSA), will deliver the keynote address at Monday's luncheon.

On Tuesday, James Johnson, legal representative, Xerox Corporation, will discuss the current legislative actions in Washington that could affect fleet operations. He will focus on changes in the definition of finance leases, allowances to fleet purchasers and IRS rules on fringe benefits.

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Cover: Illustrated by Cindi Samol

NAFA Bulletin

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NAFA Members Believe:

Fleet Management Is Complex But 'Unappreciated' Job

This article is based on an extremely detailed study of a random sample of members of the National Association of Fleet Administrators, Inc. It was conducted by Professors Barry M. Mitnick and Donna J. Wood of the Graduate School of Business, University of Pittsburgh. The NAFA Survey Project was funded by the NAFA Foundation. A more complete report, with additional analysis of the data collected, will be presented at the Association's 1984 annual conference in Los Angeles.

The NAFA Survey Project was begun to build on the theoretical work done last year on boundary-spanning roles and fleet managers. Fleet managers are a type of boundary-spanning personnel (BSP) (purchasing agents, sales personnel, and public relations specialists are other examples). Boundary-spanning personnel conduct the organization's relationships with components of its environment. In doing so, fleet managers act as agents of the firm, and as creators or users of agents outside the firm, in order to accomplish their tasks.

NAFA Members Represented

We chose to represent the population of American and Canadian fleet administrators and managers by the membership of the National Association of Fleet Administrators, Inc. Using NAFA's mailing list of full members, we chose every name on the list to receive the questionnaire. Out of 666 individuals in the sample, we received 200 questionnaires, or 30 percent.

The 200 respondents represented organizations ranging in size from 13 to 125,000 employees, with a median size of 3,000 employees. Private sector organizations represented 77.5 percent of the sample, with government agencies, (national, state, and local), not-for-profit agencies, and educational institutions represented among the remainder of the sample. Fleets similarly represented a wide range. The median number of automobiles was 270 (range 15 to 7,200); the median number of trucks and other vehicles was 110 (range 0 to 19,000). Organizational size as measured by last year's sales (or budget for non-profit agencies) ranged from less than $1 million to more than $5 billion, with a median figure of almost $250 million.

Respondents themselves were 76 percent male (152). Of the 191 respondents who reported nationality, 89.5 percent were located in the United States and 10.5 percent in Canada. Respondent fleet managers ranged in age from under 25 years (only two percent) to over 61 years old (8.7 percent), with a median age category (among 196 reporting) of 41-45 years. Salaries ranged from $15,000 to over $50,000, reflecting the vast array of managerial titles and positions accounting for the fleet management function in respondent organizations.

Internal and External Constituencies

A constituency of fleet management is defined as a person, group, unit or organization that can affect or is affected by the fleet manager's performance of his or her duties. The questionnaire listed 18 internal constituencies and 20 external constituencies, and asked respondents four questions about each of the constituencies:

1. How often do you interact with the constituency of fleet matters, either formally or informally (frequency of interaction)?
2. How often is the constituency a source of problems (frequency of problems)?
3. How much do you depend on the constituency? That is, how much power does it have to affect your job performance (importance)?
4. In the last 10 years, has the importance of the constituency to fleet management functions changed (change in importance)?

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Fleet Management Is Complex Job

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Of the 18 internal constituencies listed on the questionnaire, fleet managers reported five cases in which contacts were "frequent" or "very frequent" in 40 percent or more of the sample. These constituencies were purchasing, sales/marketing, accounting, finance/treasurer, and vehicle maintenance. Most often reported were contacts with accounting (70.3 percent). Insurance, claims, personnel, operations/production, President/CEO, and the general manager were in frequent contact with a substantial minority of respondents (23.7 to 34.1 percent). Least frequently reported were contacts with internal security, engineering, public relations/public affairs, support services, Board of Directors, government relations, and general counsel (range 1.2 to 18.5 percent).

"A constituency of fleet management is defined as a person, group, unit or organization that can affect or is affected by the fleet manager's performance of his or her duties."

When mean scores were rank ordered, the accounting department appeared as the most frequent source of trouble for fleet managers, although only 30.1 percent of respondents reported frequent or very frequent problems with accounting. In percentage terms, more fleet managers reported having difficulty with vehicle maintenance than with any other internal constituency (37.2 percent reported frequent or very frequent problems with maintenance). The only other significant inside source of trouble for respondents (28.4 percent) was the sales/marketing department. All other constituencies accounted for fewer problems relative to these three.

Internal Constituencies Rated

Over half of the respondents rated the following internal constituencies as important or very important: accounting (61.3 percent), finance/treasurer (54.5 percent), President/CEO (60.5 percent), General Manager (53.4 percent), and vehicle maintenance (64.6 percent). Government relations and public relations/public affairs were seen as having relatively little importance to fleet management functions, and other internal constituencies were rated as important by a moderate number of respondents. Interestingly, only vehicle maintenance was seen as having increased substantially in importance over the past 10 years (41.8 percent of the respondents).

It is not surprising that the external constituencies with which fleet managers are most involved are precisely those most clearly connected to vehicle sales and service. Over half the sample reported frequent or very frequent contact with a fleet leasing company (60.0 percent), auto manufacturers (52.3 percent), and auto dealers (51.8 percent). These were followed closely by contract mechanics (44.8 percent), NAFA (38.9 percent), parts vendors (36.3 percent), and insurance companies (32.8 percent). Most fleet managers report having little or no contact with public utility commissions, unions, or governmental revenue departments. An interesting finding here is that over half of respondent fleet managers reported frequent or occasional contact with federal agencies (4.9 percent and 48.6 percent, respectively). It is becoming commonplace in business education to teach students that government relations is now a generic management function, not a specialized staff function; this finding offers support for the wisdom of this approach.

Most of the external constituencies listed are occasionally sources of trouble for fleet managers, but none seems to present overwhelmingly frequent difficulties. Those constituencies with the highest frequency of contact are also those most often rated as a frequent source of problems: contract mechanics (27.2 percent), auto dealers (26.9 percent), auto manufacturers (26.4 percent), and fleet leasing companies (22.7 percent). Aside from this expected finding, a striking feature is that the National Association of Fleet Administrators, Inc., — although almost 40 percent of respondents are in frequent contact with it — was reported a frequent source of problems by only seven individuals (3.6 percent — computerized mailing list snafus, perhaps).

"It is becoming commonplace in business education to teach students that government relations is now a generic management function, not a specialized staff function..."

Over half the sample considered the following external constituencies to be important or very important to satisfactory performance of the fleet management function: auto manufacturers, auto dealers, fleet leasing companies, contract mechanics, and insurance companies. Parts vendors and NAFA are considered to be important by more than 40 percent of the respondents.

The survey is consistent in its findings of perceived changes in the importance of various external constituencies in the past 10 years and permits an inference (perhaps a hypothesis) to be made about the nature of the fleet manager's environment. Four constituencies were rated as having increased in importance over time by a large minority of respondents: fleet leasing companies (38.3 percent), NAFA (38.2 percent), auto manufac-

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turers (38.1 percent), and auto dealers (29.2 percent). Contract mechanics, parts vendors, fuel suppliers, and insurance companies were not far behind, with about 20-24 percent of the sample perceiving their importance to have increased over 10 years. The significance of this finding lies in the relationship between number of constituencies and environmental complexity. If the environment of fleet management has grown more complex and more difficult to manage, perhaps it is not because new constituencies have joined the field — as is often the case with other managerial specialties — but because relations with traditional constituencies have themselves become more complicated.

Environmental Complexity

Environmental complexity is defined in terms of the number of internal and external constituencies in the fleet manager's environment, as well as the frequency of interaction with constituencies. The first set of questions allowed us to determine some of the parameters of environmental complexity for fleet managers. Another question offered a direct attitudinal check on these data by asking managers to respond to the statement, "My job as fleet manager requires me to deal with a great many outside groups and individuals in my organization's outside environment." Almost three-fourths of the total sample (149, or 74.5 percent) agreed or strongly agreed with this statement.

"Seventy percent of respondents disagreed with the statement, 'Outside factors that are important to this job don't really change much...'"

Most respondents (80.5 percent) agreed that "fleet management is a very complicated job." Respondents were evenly split on the relative importance of external and internal factors affecting their job; 36 percent agreed and 36.5 percent disagreed with the statement that "in general, my job is more strongly affected by what happens in the outside world than by what happens inside the organization." Although respondents saw their jobs and environment as complex, they did not report, on the whole, much difficulty in understanding the environment, 57.5 percent agreed that they had little trouble understanding the environment, and 55 percent of them agreed that constant demands keep the job from being as simple as it should be. A large majority of respondents (78 percent) agreed with the statement, "Fifteen years ago, the organization's external environment was much less complex than it is today."

Turbulence — a concept involving the number and rapidity of changes in the environment — is an important dimension of environmental analysis that was addressed in a number of questions. "Objective" turbulence is and will remain a theoretical construct; obviously, the environment of any manager is changing all the time and it would be difficult, if not impossible, to count accurately the number of actual changes and the speed with which they occurred. What is vitally important, however, is the manager's perceptions of environmental change (number and speed of changes) as well as the manager's perceptions of his or her ability to understand and cope with changes in the environment.

"...68 percent agreed that 'fifteen years ago the organization's external environment was such that it took less expertise to manage the fleet.'"

Seventy percent of respondents disagreed with the statement, "Outside factors that are important to this job don't really change much," and 68 percent agreed that "fifteen years ago the organization's external environment was such that it took less expertise to manage the fleet." Clearly, fleet managers perceive their environment to be quite turbulent. They are mixed, however, in their perceived ability to understand and deal with such turbulence: 43 percent agreed that "things change so fast in this work that it is hard to keep up-to-date," and 37.5 percent agreed that "the outside environment these days seems almost completely unpredictable."

Six survey questions inquired about the fleet's importance to its organization and respondents' perceptions of how highly valued and understood their function was by other organizational members. Sixty-nine percent of respondents agreed that "this organization could not survive without its fleet," indicating the vital importance of fleet management functions to organizational health. Three questions, however, indicated that fleet management is poorly understood and appreciated by others in the organization: 65 percent agreed that "most people in the organization don't realize how important the fleet is to them: "77.5 percent agreed that "most people in this organization don't realize that the fleet manager's job is a difficult one." Now, "most people" is a phrase that encompasses a lot of employees who have little or nothing to do with the fleet; it may not be surprising that "most people" in the organization do not understand or value the fleet manager's job. One would expect, however, that a senior executive would respect and highly value the fleet management function, but only 46 percent of our respondents agreed with this statement.

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Three questions were aimed at discovering fleet management's relative status within the organization. These questions asked respondents to agree or disagree with these statements: "Compared to other managers in this organization with responsibilities similar to mine, my job is at a higher level, my salary is higher, I have greater access to top management." Very few fleet managers felt that their jobs were at a higher level (21.5 percent agreed) or that their salaries were higher (10.5 percent agreed). On the third question, however, fully 57.5 percent felt that they had greater access to top management than did their peers with comparable responsibilities. This result could reflect the increasing costs in the area and the increasingly problematic environment in which this important function operates.

Achieving Professional Status

There were a large number of questions asking about the degree to which fleet management has achieved professional status. Organization theorists distinguish between occupations and professions on the grounds that the latter encompasses a specialized body of knowledge, have a great deal of autonomy, subscribe to a code of ethics (or norms of service), serve as means for identifying and interacting with peers in other organizational and geographic locations, and enjoy some external recognition or certification of professional status. Overall, fleet managers reported substantial autonomy in making decisions in a variety of fleet areas and clearly indicated a perceived sense of professionalism.

One group of these questions explicitly addressed the fleet manager's autonomy within the organization by asking respondents to agree or disagree with the statement "I have a great deal of control over..." various aspects of fleet management. These results are summarized below:

Percent Agreeing	I have a great deal of control over:
87.0	day-to-day operating decisions regarding the fleet
84.5	decisions concerning disposal of fleet vehicles
82.5	decisions to acquire fleet vehicles
77.0	decisions concerning characteristics of fleet vehicles
75.5	major policy decisions relating to the fleet
72.5	how well the fleet is maintained
57.0	decisions about how to acquire fleet vehicles
57.0	line item budget control
51.0	determining the size of my annual budget

It is clear that the majority of respondents feel that they have considerable control over all the important categories of decisions concerning fleet management functions, but that the number of managers with such control decreases substantially in areas having to do with budgeting and capital expenditures. Overall, 66.5 percent of respondents agreed that "as things are now, I feel I have enough power to make decisions and implement them to administer the fleet effectively."

"Very few fleet managers felt that their jobs were at a higher level or that their salaries were higher... however, 57.5% felt that they had greater access to top management than did their peers with comparable responsibilities."

Over three-fourths of the sample (76 percent) agreed with the statement, "I wouldn't hesitate to call myself a professional fleet manager." Fully 91 percent agreed that fleet management has a special body of knowledge, and 76 percent agreed that fleet managers must know many things that other managers don't need to know. Seventy-two percent thought that fleet managers should have special training, but only 37 percent believed that fleet managers should be certified (43.5 percent were neutral or did not answer this question).

Norms of service (a concept with ethical connotation of having a professional responsibility to fulfill some set of obligations) were quite strong respondent fleet managers. Over 77 percent agreed that "a fleet manager's primary responsibility is to provide service to his or her employer," and 69 percent agreed that "a fleet manager's responsibility is to provide service to fleet users." Obviously, neither of these groups — employers and fleet users — are seen as having priority; norms of service apply to both almost equally.

Another group of questions requested that respondents agree or disagree with a set of statements addressing relationships between vehicle characteristics and user characteristics. Most fleet managers acknowledge that larger, more expensive automobiles with many options typically are used as rewards or perquisites of senior positions: 67 percent of respondents agreed that "in this organization, employees in higher positions are entitled to use larger, fancier, more valuable fleet vehicles." A potential source of difficulty for fleet managers is indicated in the response to two other questions: 70 percent of respondents indicated that "most users prefer larger, more powerful automobiles," but 81 percent stated that they had deliberately downsized fleet vehicles over the past 10 years.

One set of questions provided some interesting insights into relationships between options, type of use, and fleet vehicle maintenance. Respondents did not believe that users will take better care

of "loaded down" vehicles — only 17.5 percent agreed with this statement. Respondents did agree (53.5 percent) that fleet users who carry important customers take better care of their cars, and a substantial minority (45 percent) noted that users who were able to choose the options they wanted tended to take better care of the vehicles. On the other hand, respondents agreed for the most part that "loaded down" vehicles (with many options) were easier to resell (66.5 percent agreed with this statement), and that such vehicles were likely to bring higher resale prices (52.5 percent agreed).

Fleet Services and Fleet Leasing Companies

As expected, wide use of fleet leasing companies was reported, with 55 percent of respondents indicating their organization had made use of a fleet leasing company within the past year. Among those who had used a fleet leasing company within the last year, 29 said their organization had used a leasing company within the past five years (14.5 percent of all respondents and 34.5 percent of those respondents answering "no" to the previous question). Thirty-two percent of the total sample (or 200) said that a conscious decision had been made not to use a fleet leasing company, and only 18 respondents felt that their organizations would use a fleet leasing company within the next year or two.

Open-ended leases are much more likely to be provided than are closed-ended ones; 77.4 percent of respondents did not participate in closed-ended leases, compared with 38.8 percent who do not participate in open-ended leases. Fleet leasing companies were less likely to have provided fleet purchasing services, open-ended leasing, fleet management services, maintenance programs, disposal services, regulatory assistance, and publications five years ago than now. Only closed-ended leases were more common five years ago.

Among those respondents using the services, the potential loss of several services was seen as posing considerable hardship. Such services included fleet purchasing, open-ended leasing, fleet management services, fleet disposal, and regulatory assistance (between 30.6 and 41.7 percent of respondents indicated that withdrawal of these services would be a considerable hardship). Fleet leasing company users tend to be satisfied, on the whole, with the services they receive. Service areas that might bear watching in the future, however, include fleet management services (16.4 percent sometimes or rarely satisfied), maintenance programs (13.2 percent sometimes or rarely satisfied), fleet disposal services (25.3 percent sometimes or rarely satisfied), and regulatory assistance (11.1 percent sometimes or rarely satisfied).

Professional Profile

A great majority (88.5 percent) of respondents had completed some college, and 54.5 percent held undergraduate degrees. Twenty percent had accomplished some graduate level work or had graduate degrees. Of the 107 college graduates, 51.4 percent earned degrees in business administration or a specialty such as accounting, marketing or finance. The other degrees ranged very broadly across liberal arts disciplines, social and physical sciences, and professional areas of study.

Education of Fleet Managers

Level	Number	Percent
High School	23	11.5
Some College	68	34.0
College Graduate	65	32.5
Some Graduate Work	19	9.5
Graduate Degree	23	11.5
No Response	2	1.0

As expected there is no standard organizational location for the fleet management function. Our respondents reported being located in a wide variety of departments or organization units. Almost 20 percent said fleet management was located within the general manager's purview, and from there the responses were quite widely dispersed.

Two-thirds of the respondents are full-time fleet managers with no substantial responsibilities in non-fleet related areas. Among the one-third who have other major duties, many are involved with budget and credit card administration, and a smaller proportion are responsible for physical plant maintenance, janitorial services, travel and moving arrangements, printing, and insurance. Only 12 respondents indicated that secretarial services were among their primary responsibilities.

Conclusion

This report details a number of characteristics of respondent fleet managers and the environment within which they must operate. Although no definitive statements can be made about the nature of fleet management or its environment on the basis of frequency distributions, several interesting findings have emerged from this portion of the NAFA Survey Project.

A striking finding is that the fleet management environment, described by respondents as seeming very complex (and much more complex than it used to be), does not have many constituencies in it. Out of our list of 38 internal and external constituencies, respondents focused on no more than a dozen in terms of frequency of interaction, frequency of problems, and importance to the fleet management function. This suggests, perhaps, that the environmental configurations of fleet management have become more complicated not because new constituencies are added to the field, but because relations among constituencies have themselves grown more complex.

Another significant finding is that respondent fleet managers exhibit a high degree of professionalism. They believe strongly that there is a special

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body of knowledge associated with managing a fleet, and that special training is required to accomplish these tasks effectively. Although they are not yet sure that certification is a good idea, they display quite strongly all the other characteristics of a genuine profession. And yet, within their organizations, they tend to feel misunderstood and unappreciated, although they believe that they have a great deal of control over the various elements of their jobs.

Fleet-Related Services

The results concerning the use of fleet leasing companies and the provision of various fleet-related services are merely suggestive, but they do point to the function of fleet managers as boundary-spanning personnel who create other agents to act on behalf of their organizations. The dimensions of this process are as yet unclear and will bear further study.

Fleet Managers Tend To Be Mature, Well-Educated People

Personally, fleet managers tend to be mature, well-educated individuals who take their jobs seriously and who keep in touch with each other and with important new knowledge in their field. These findings speak well of the profession and its practitioners, suggesting that most organizations (at least among our respondents) have placed the important fleet management function in capable hands. ■

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NAFA 27th ANNUAL CONFERENCE

STRIVE FOR NEW GOALS

NAFA Bulletin

The Magazine for Fleet Administrators

February 1984

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news highlights

NAFA's Workshop Moderators Will Lead Lively Sessions at L.A. Conference

A completely new and innovative format has been developed for the ever-popular workshops — long a tradition at NAFA conferences. There will be three sets of workshops with a different moderator and/or speaker for each one.

Industry Workshops Remain A Popular Tradition

On Monday, March 19, at 3:15 p.m., there will be the traditional industry workshops where you will share information within your business area. The moderators for these workshops are:

Chemical
George Argueta
Coordinator - Automotive Fleet
Celanese Corp.

Cosmetics
Betty Linck
Fleet Administrator
Chesebrough-Pond's Inc.

Drugs
Steve Schultz
Fleet Administrator
Merrell Dow Pharmaceutical Inc.

Food & Beverage
Pat Rishell
Auto Fleet Administrator
Safeway Stores Inc.

Government
Michael Rosenberger
Fleet Manager
City of Portland, Oregon

Insurance
Don Rittenhouse
Fleet Administrator
Home Insurance Co.

Manufacturing/Consumer
Wayne Grows
Fleet Manager
Northern Telecom Inc.

Manufacturing/Industrial
Raymond Sweaney
Dir., Corporate Transportation
Parker Hannifin Corp.

Petroleum
George Denick
Supervisor Transportation
Texaco Inc.

Public Utility
Robert E. Davis
Manager, Automotive Fleet
Consolidated Gas Supply Co.

Specialized Workshops

On Tuesday, March 20, at 3:15 p.m., there will be workshops categorized by the size of your fleet and/or your fleet specialty. This will provide you with the opportunity to meet with other fleet managers with the same size fleet as yours, ranging from very small fleets of less than 100 units to those of several thousand vehicles. Or you may attend one of three special workshops with other fleet managers who have a special concern for Canadian fleets, international fleets, or truck fleets. The moderators for these workshops are:

Fleet Size
Under 100
Ken Austin
Manager, Administrative Services
GD Searle & Co. of Canada Ltd.

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in this issue

FEBRUARY 1984

Workshop Moderators Will Lead Lively Sessions at L.A. Conference 3
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As a result of evidence of a direct correlation between the minimum drinking age and alcohol-related crashes, the Presidential Commission on Drunk Driving has proposed legislation that would cut off federal highway aid to any state that does not set a minimum drinking age of 21.

Personal Use Survey

A total of 401 fleets containing 272,651 passenger cars participated in NAFA's annual Personal Use Survey. Among the responses were 307 from U.S. commercial fleets, 18 public utility fleets, and 24 government fleets. The Canadian segment of the survey consists of 52 fleets.

While the survey is known as the Personal Use Survey, it actually requests information on four fleet management areas: 1) personal use of company-provided vehicles; 2) criteria for assignment of company cars; 3) reimbursement for use of personally owned cars for business, and 4) compensation or sale of cars to employees who no longer qualify for a company-provided vehicle. Each of the four subjects is covered within the individual industry grouping.

NAFA Exclusive

Insurance Group

The Insurance Group consists of 66 fleets operating 47,568 passenger cars (31,326 company-owned, 16,242 leased).

1) Personal Use Policies

Sixty-four fleets in the group permit personal use of the company-provided car; two prohibit such use. Of the 64 fleets that permit personal use, two do not permit the car to be driven on vacations, and eight fleets place some restrictions on the amount of personal use permitted.

Sixty fleets in the Insurance Group charge for personal use of the company car, while four do not have a chargeback. Of the fleets charging for personal use, 25 base the charge on mileage only; 28 fleets have a flat monthly or weekly charge, while 7 fleets use a combination of both mileage and flat chargeback.

Among the fleets with a mileage charge, five charge 10 cents a mile; three charge 14 cents a mile, and two each charge 15 and 20 cents a mile. Other mileage charges (in one fleet each) range from a low of 5 cents a mile to 18 cents a mile). One fleet reports it charges 10 percent of all fuel purchased.

The most common rate among fleets with a flat monthly or weekly chargeback is $40 a month (in 7 fleets). Five fleets charge $30 a month; three charge $35 a month, and two charge $60 a month. Other rates mentioned include $79 a month, $25 a month, $60 a month, $50 and $54 a month. One fleet said the charge was $520 a year. Weekly charges include $16 and $20 a week.

A number of fleets with a combination of both flat and mileage charges base the mileage charge on a specific number of miles driven. For example, one fleet charges $50 a month plus 10 cents a mile over 500 miles a month. Another charges $50 a month and 12 cents a mile over 600 miles a month. Another fleet, with a $50 a month flat charge, adds a 14 cents a mile charge for all trips over 400 miles. Two fleets charge $35 a month plus the cost of gasoline on vacation travel.

Thirty-five fleets collect the personal use chargeback through an expense report deduction; 21 fleets deduct the personal use charge from the employee's salary, while five fleets either collect by personal check or add the personal use charge to the employee's W-2 form as additional income.

Three fleets in the Insurance Group restrict personal use of the company-provided vehicle to the employee only. The other 61 fleets permit the employee's spouse to use the car. In addition, 33 fleets permit "licensed children" to drive the car. Nine fleets permit "others," usually

Survey Highlights

- More than 70 percent of all U.S. fleets reimburse employees 20 cents a mile for the use of personal cars on business.
- Nearly 70 percent of the U.S. fleets using mileage as the measure of personal use chargebacks now charge more than 10 cents a mile.
- The number of fleets requiring employees to pay at least a portion of repair costs resulting from accidents during personal use is steadily increasing.
- More fleets than ever before are collecting personal use chargebacks through a salary deduction program.

More than 70 percent of all U.S. Fleets Reimburse Employees 20¢ a mile For the Use of Personal Cars On Business

defined as living in the same household, to use the car.

Seventeen fleets set a minimum age limit for use of the company car. The most commonly cited age is 21 (six fleets). Three fleets set the minimum age at 18, while two each put it at 16 and 25 years of age. One fleet has a 19 year requirement.

Eighteen fleets in the group require the employee to pay a certain percentage of repair costs resulting from accidents during personal use. Among those fleets with a set dollar amount, in five fleets it was $100; in two fleets it was $50. Eight fleets based the repayment on the insurance deductible ranging from $100 to $250. No fleet in the group requires the employee to pay the full cost of repairs.

2) Assignment of Company Cars

While most fleets participating in the survey said "job title" or "job responsibility" is the basic factor in assignment of a company car, 38 fleets said business mileage driven is also a factor. The most often mentioned mileage was 12,000 miles a year (eight fleets). Five fleets set a minimum of 15,000 miles a year; three put the required mileage at 20,000, while two each said it is 6,000 and 18,000 miles. Other mileage requirements mentioned included 8,750, 8,500, 7,500, 14,400, and 30,000. One fleet reported that the mileage varies; it depends on the size of car the employee qualified for — 10,000 for a compact, 13,000 for a mid-size, and 16,000 for a full-size car.

Several fleets base company car assignment on a time basis. One required its use three days a week; another 50 percent of the time. One fleet said a car is provided when the employee is out of the office 70 percent of the time, and another said it depends on "response time and or on-call use."

Thirteen fleets in the group said the "fringe benefit" value of the car is a factor in its assignment to an employee.

3) Business Use of Personal Cars

In reimbursing employees for business use of a personally owned car, the survey covers two areas — when there is no assigned fleet car and when the assigned fleet car is not in use.

Most fleets in the group reimburse the employee on a straight mileage basis when he or she does not have an assigned company car. Twenty cents a mile is by far the most often cited figure — in 63 percent of the fleets using a mileage reimbursement. Four fleets each pay 19 and 21 cents a mile. Other amounts mentioned by two fleets each were 20.5 and 17 cents. One fleet each said they reimbursed the employee from a low of 12 cents to a high of 25 cents a mile.

Other methods of reimbursement included "Runzheimer schedule" by two fleets; 20 cents a mile for 600 miles, then 15 cents; 20.5 cents for 15,000 miles, then 11.5 cents; 15 cents a mile over 1,000 miles plus $400 a month, and nine cents a mile plus $200 a month.

Reimbursement for use of a personal car when the assigned fleet car is not in service again is primarily based on mileage. In this category, too, the rate preferred is 20 cents a mile by more than two-thirds of the fleets. Five fleets pay 21 cents a mile; three pay 19 cents, and two each pay 14 and 20.5 cents a mile. The lowest amount mentioned was 14 cents a mile; the highest 26 cents a mile. One fleet pays the IRS approved amount of 20.5 cents for the first 15,000 miles, then 11 cents a mile, while one fleet pays a flat $150 a month.

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Personal Use Survey Results

(Continued from page 7)

4) Compensation for Loss of Car

Thirty-seven fleets in the Insurance Group reported the employee either gets a cash payment or is able to purchase the assigned fleet car if the employee is no longer eligible to have a company-provided vehicle.

Five fleets made a cash payment of $1,500; four each gave the employee $1,000 and $2,000. Two fleets each made a payment of $1,600, $1,800, and $2,500. The highest payment reported was $3,000. One fleet permits the employee to drive the car "until the lease runs out;" another extends car use from six to 12 months.

Among those fleets that offer to sell the car to the employee, most set the price on AMR or a percentage of it, or on the wholesale value. Others said the price is "book value or AMR, whichever is less." Several fleets offer the employee an interest free loan with which to purchase the car.

Drug & Cosmetics Group

The Drug & Cosmetics Group consists of 45 fleets operating 32,974 passenger cars (3,251 company-owned, 29,723 leased).

1) Personal Use Policies

Every fleet in the group permits personal use of company-provided vehicle after working hours, on weekends and holidays, and for vacation travel. Three fleets place some limitations on the extent of personal use, generally in regard to the length of vacation trips.

Forty-two of the 45 fleets in the group charge for personal use; three do not. Of the fleets that assess a personal use charge, 17 base it on mileage; 18 have a flat monthly or weekly rate, and six use a combination of both methods.

Among the fleets using a mileage charge, six fleets have fixed it at 12 cents a mile; three set the charge at 13 cents a mile, while two have a nine cents a mile rate. Other rates range from a low of seven cents for everything over 350 miles a month, to a high of 15 cents a mile. One fleet charges 11 cents a mile for the first 400 miles, then 20 cents for each additional mile. One other fleet charges nine cents a mile for personal use of a compact and 13 cents for personal driving of a mid-size car.

The range of flat rates charged by the fleets in the group varies widely. Three fleets charge $15 a month; two charge $40 a month. Other rates vary from a low of $12 a month to a high of $60 a month. One fleet reports that it charges $25 a month when driving a four-cylinder car and $35 a month for a larger car.

Those fleets using a combination of mileage and flat rates for personal use reported these charge-backs: two fleets set the rate at $15 a month plus seven cents a mile; another reported the rate to be $26 a month plus six cents a mile. One fleet said its rate is $10 a month plus eight cents a mile. Two fleets have a minimum flat rate plus a mileage charge for additional miles. In one fleet it is $15 a month and six cents a mile after 250 personal miles; in the other the rate is $25 a month plus 10 cents a mile over 250 miles.

Twenty-five fleets in the Drug & Cosmetics Group reports they collect for personal use through an expense report deduction; 14 collect through a salary deduction plan, and three fleets say they use other methods, generally by adding the personal use charge to the employee's W-2 form.

Every fleet in the group permits the employee's spouse to use the company car; 27 extend the driving privilege to licensed children, and seven permit "others," generally meaning persons living in the same household, to drive the company car.

Nineteen fleets in the group have specific minimum age limits for use of the car. In ten fleets the minimum age is 21; in four it is 18. Two fleets said the minimum is 25, and one fleet said its policy is "no teenagers."

Twenty-one fleets report that the employee is required to pay at least a portion of the repair costs

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Reimbursement For Use Of Personal Car Mileage Only

(No Assigned Fleet Car)

U.S. Commercial Fleets Only

Amount	1980	1981	1982	1983
15c or less	3%	1%	2%	2%
16, 17, 18, 19c	43%	13%	15%	11%
20c	43%	68%	69%	72%
21, 22, 23, 24c	11%*	17%*	10%	12%
25c or more	*	*	4%	3%

Note: * Not broken out in surveys for those years, but included in "more than 20 cents a mile" total.

Reimbursement For Use Of Personal Car Mileage Only

(Assigned Fleet Car Not in Service)

U.S. Commercial Fleets Only

Amount	1980	1981	1982	1983
15c or less	4%	3%	5%	2%
16, 17, 18, 19c	41%	15%	13%	9%
20c	43%	66%	68%	73%
21, 22, 23, 24c	11%*	17%*	11%	14%
25c or more	*	*	3%	3%

Note: * Not broken out in surveys for those years, but included in "more than 20 cents a mile" total.

Personal Use Survey Results

(Continued from page 8)

resulting from an accident during personal use. One fleet charges the full amount; one other has the employee pay a "fixed share" — $500 or 25 percent of the cost, whichever is lower.

Sixteen fleets charge the employee a dollar amount. In five fleets it is $200; in five others it is $100. Three fleets required the employee to pay the insurance deductible.

2) Assignment of Company Cars

In reporting on criteria for company car assignment, the majority of fleets in the group said "job title" was the key factor, but a substantial number included the amount of business mileage driven as another factor. Five fleets set the minimum mileage at 12,000 miles a year; three fleets set it at 10,000 miles, while two place it at 18,000. Other limits mentioned were 15,000; 15,500; 20,000, and 25,000. Seven fleets in the group, in response to this question, said "fringe benefit" was a factor in company car assignment.

3) Business Use of Personal Cars

When reimbursing an employee for the business use of a personal car, every fleet in the group relies on a straight mileage payment. When there is no assigned fleet car, 25 fleets pay 20 cents a mile; two pay 19 cents. One each pays the employee 17, 20.5 25, and 35 cents a mile.

In those instances when the assigned fleet car is not serviceable, 33 fleets in the group said they pay the employee 20 cents a mile for the use of a personally owned car. Three fleets pay 19 cents; two pay 20.5 cents a mile. One fleet each pays 18½, 25, and 28 cents a mile.

4) Compensation for Loss of Car

Thirty-one fleets in the Drug & Cosmetics Group reported that the company provides some form of compensation or offered to sell the fleet car to an employee who no longer qualifies for a fleet assigned vehicle.

Personal Use Chargebacks

For Fleets Using A Straight Mileage Charge

U.S. Commercial Fleets Only

Amount	1980	1981	1982	1983
7c or less	14%	2%	3%	3%
8, 9 or 10c	44%	43%	45%	28%
11, 12, 13, 14c	42%	55%	51%	43%
15c or more	*	*	*	26%

Note: *Not broken out in previous surveys, but included in the more than 10 cents a mile category.

Among those fleets providing additional compensation for loss of the car, three give the employee $5,000; two give $2,800, two give $2,500, and two others give the employee $6,140. Other payments mentioned include $3,200, one-half the value of a new car; the average value of cars in the fleet, and 50 percent of the annual operating cost of the car. In one case, the car is "given to the employee."

Among those fleets which permit the employee to buy the car, six fleets set the price at the wholesale value; three used the "book value" as the price, while seven fleets offered to sell the car at "AMR." Other formulas mentioned are "$1,000 below wholesale;" "market price," and "80 percent of wholesale."

One of the more interesting approaches to the sale of the car came from a fleet that reported it set the price at Red Book wholesale. The employee is given an initial pretax payment of $1,400 and $100 a month for 24 months. If the employee chooses to retain the car for 24 months, the employee is charged the income tax on the leased car cost to the company.

Manufacturing-Consumer Group

The Manufacturing-Consumer segment of the survey consists of 53 fleets operating 32,550 passenger cars (14,017 company-owned, 18,533 leased).

1) Personal Use Policies

All but one fleet in the group permit personal use of the company-provided vehicle. One fleet does not permit the company car to be used for vacation travel. In addition, six fleets in the group place some limitations on personal use. In the majority of cases, it concerns extensive vacation driving.

Forty-seven of the 52 fleets permitting personal use charge the employee for such use. Seventeen fleets base their charge on mileage driven; 21 assess a flat weekly or monthly charge, while seven use a combination of both methods.

Four fleets each charge 10 and 12 cents a mile; two each charge the employee 9, 14, and 15 cents a mile. One fleet charges 20 cents a mile; another 13. One fleet charges 7.5 cents for employees driving compacts and 10 cents for larger cars. Another fleet charges 13 cents a mile and adds seven cents a mile to the employee's W-2 form as additional income.

Among the fleets with a flat rate, four charge $35 a month; three charge $40 a month; two each charge $50 a month and $8 a week. Other monthly charges range from a low of $5 to a high of $75. Weekly charges include (each by one fleet) $11, $15, and $20.

Twenty-three fleets collect the personal use chargeback through an expense report deduction; 21 have a salary deduction program, while three have other methods of collecting the personal use charge.

Five fleets in the Manufacturing-Consumer

(Continued on page 12)

Personal Use Survey Results

(Continued from page 10)

Group limit personal use of the company car to the employee only. All others permit the spouse to drive the vehicle, and 30 fleets extend personal use privileges to licensed children, and seven permit the car to be used by "others" in the same household.

Twenty-three fleets in the group have minimum age requirements for driving privileges. In nine fleets the minimum age is 18; in seven fleets it is 21, and in five fleets the minimum is 25 years of age. One fleet each sets the minimum at 19 and "past their teens."

Twenty-five fleets in the group require the employee to pay at least a portion of repair costs resulting from an accident incurred during personal use of the company car. In two fleets it is the full amount. Four fleets charge the first $250, and one fleet sets the payment at 50 percent of the repair cost. Ten fleets charge the employee the insurance deductible, while another charges 50 percent of the repair cost after the first accident, then the full cost for a second.

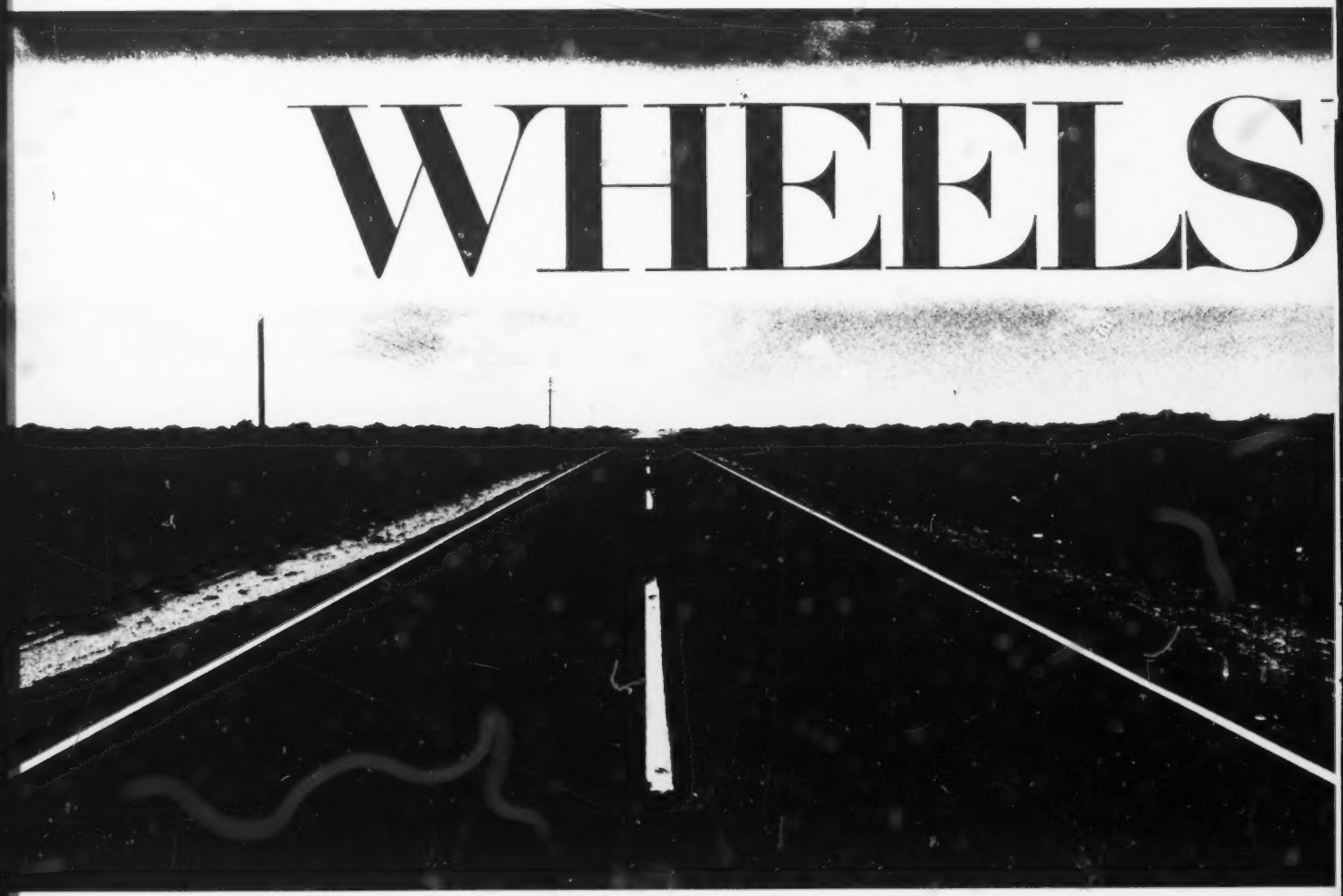
2) Assignment of Company Cars

The question of criteria for assignment of company cars invariably draws more than one response. The majority of fleets always mention "job title" but a large percentage also mention business mileage driven. In this group the minimum mileage requirements include 15,000 (four fleets), 12,000 (four fleets), 20,000 (two fleets). Other figures cited ranged from a low of 5,000 business miles to a high of 26,000. One fleet said the requirement was for the employee to spend 50 percent of the time on the road.

Nineteen fleets in the Manufacturing-Consumer Group said that "fringe benefit" is a factor in determining eligibility for a company-provided car.

3) Business Use of Personal Cars

In reimbursing employees for business use when there is no assigned fleet car, 33 fleets pay the employee 20 cents a mile. Two pay 22 cents a mile



and one each pays 15, 18.5, and 22.5 cents a mile. One fleet pays "gas, oil and insurance," another pays $35 a week. One fleet pays the driver $228 a month, while one pays 20.5 cents a mile for the first 1,250 miles driven during the month and 11 cents a mile for additional mileage.

In those cases where a personal car is required for business because the company car is not operable, 37 fleets pay the driver 20 cents a mile, and one fleet each reimburses at 15 cents, 18.5 cents, 22, and 22½ cents a mile. One fleet pays seven cents a mile and $35 a week; another a flat $35 a week, while one fleet reimburses the employee at 20½ cents a mile for the first 1,250 miles and at 11 cents a mile thereafter.

4) Compensation for Loss of Car

Twenty-one fleets in the group reported they compensated employees, either in the form of cash payments or sale of the car, if he or she was no longer eligible for a company car. Among the payments mentioned were $5,000 (two fleets); one year's operating expenses; the AMR price of a one-year-old car; $5,500, $6,200, $2,000 less deductions, and $1,500 (one fleet each).

Six fleets said they will sell it at "book value." Three said they will sell it at "fair market value," while five use AMR or a percentage of AMR as the basis for determining the price. Other prices mentioned (each by one fleet) included wholesale less $500; low wholesale, $500 over book value, lease balance.

Food & Beverage Group

The Food & Beverage Group consists of 27 fleets operating 14,691 passenger cars (10,409 company-owned, 4,282 leased).

1) Personal Use Policies

All 27 fleets in the group permit personal use of the company-provided vehicle after working hours, on weekends and holidays. Two fleets do not permit its use for vacation travel. Two other fleets place limitations on the car's use for personal driving.

(Continued on page 14)

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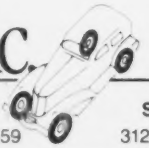

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Personal Use Survey Results

(Continued from page 13)

All but three of the fleets in the Food & Beverage Group charge their employees for personal use. Eight fleets base their charge on mileage driven; eight have a flat monthly or weekly charge, while eight use a combination of both methods. Three fleets charge 10 cents a mile; one each charges 7 cents a mile after the first 50 miles; 15 cents a mile, and nine cents a mile.

The combination charges include 10 cents a mile and $51 a month; 10 cents a mile plus $20 a month; 10 cents a mile and $4 a week; 12 cents a mile and $7.50 a week; 23 cents a mile and $45 a month, and $25 a month plus vacation mileage.

Three fleets with a flat rate charges their employees $50 a month. One each charges $19 a week; $24, $30, and $46 a month.

Ten fleets in the group collect the personal use chargeback through an expense report deduction while another 10 have a salary deduction plan, and four use other methods including payment by personal check and addition of the personal use charge to the employee's W-2 form.

Every fleet in the group permits the employee's spouse to drive the company car, 18 extend the driving privilege to licensed children, and five fleets allow "others," in the same household to use the car.

Thirteen fleets in the group have set minimum age limits for personal use. In six fleets the minimum age is 21; in three it is 18; in two fleets it is 25, while one fleet permits personal use at 16, if the state issues a license at that age.

Nine fleets in the group assess a charge against the employee for some portion of the repair costs for accidents incurred during personal use. In two fleets it is a dollar amount — $50 and $100. In the other seven fleets it is the insurance deductible, ranging from $100 in two fleets to $250 in three fleets. One fleet reported charging from $50 to $500 toward repair costs.

2) Assignment of Company Cars

Twelve fleets in the group said mileage is a factor in assignment of company cars, while 22 said job title or duties is a factor. Only three fleets said that "fringe benefit" is a consideration in car assignment.

In setting a minimum business mileage for eligibility, two fleets each said it is 10,000; 12,000; 15,000, and 17,500 miles per year. One fleet sets the minimum at 18,000 miles. One fleet said the requirement is to spend 50 percent or more time on the road, while another places the minimum at 65 percent of the employee's time traveling.

3) Business Use of Personal Cars

In those cases where an employee without a company car had to drive a personal car for business, 13 fleets reimbursed the employee at 20 cents a mile. Five pay 20.5 cents a mile. Two pay 21 cents a mile, while one each pays 12, 16, 17.5, 18, and 23 cents a mile. Two fleets employed a graduated scale for reimbursement. In one fleet it is 20 cents for the first 12,000 miles and 18 cents a mile thereafter; in the other fleet the rate is 21 cents for the first 1,500 miles a month and 10 cents a mile for additional mileage.

When the assigned fleet car is not in service, every fleet in the group reimburses its employees for use of a personally owned car on a mileage basis. In 13 fleets it is 20 cents a mile. Five fleets pay 20.5 cents a mile; three pay 21 cents a mile, while one each pays 12, 16, 17.5, 18, and 23 cents a mile.

(Continued on page 16)

Summary of Survey Responses

Industry Group	Number of Fleets	Company Owned Cars	Leased Cars	Total
Insurance	66	31,326	16,242	47,568
Manufacturing-Consumer	53	14,017	18,533	32,550
Food & Beverage	27	10,409	4,282	14,691
Manufacturing-Industrial	63	9,764	41,443	51,207
Chemical & Petroleum	29	14,959	18,601	33,560
Drug & Cosmetics	45	3,251	29,723	32,974
Other	24	1,043	5,711	6,754
U.S. Commercial Total	307	84,769	134,535	219,304
Public Utility	18	20,203	4,763	24,966
Government	24	17,983	84	18,067
Canada	52	4,502	5,812	10,314
Total in Survey	401	127,457	145,194	272,651

Personal Use Survey Results

(Continued from page 14)

4) Compensation for Loss of Car

Fifteen fleets report that an employee who no longer qualifies for a company car receives cash compensation or is given an opportunity to purchase the vehicle he has been driving. Three fleets said they pay the employee $4,000 less taxes; one pays two months salary up to a $6,000 maximum. One fleet reports that an employee with 15 years of service is given the car.

In offering to sell the car to the employee, six fleets said they will sell it at wholesale; two price the vehicle at book value. One fleet asks 95 percent of AMR "clean," while another sells the car at "market value."

Manufacturing-Industrial Group

The Manufacturing-Industrial Group consists of 63 fleets operating 51,207 passenger cars (9,764 company-owned and 41,443 leased).

1) Personal Use Policies

All but one fleet in the Manufacturing-Industrial Group permit personal use of the company car after hours. One fleet does not permit its use on weekends or holidays, and five fleets do not allow the company car to be used for vacation travel. In addition, five fleets place some limitations on the amount of personal use permitted, usually mileage during vacations or distance from the employee's home.

Fourteen fleets in the group do not charge for personal use of the company vehicle, while 48 do have a chargeback program. Eleven fleets base their personal use chargeback on mileage driven; 26 have a flat monthly or weekly charge, and 10 use a combination of both methods.

Among the fleets employing a straight mileage chargeback, two each charge 8 and 11 cents a mile. One fleet each charges 10, 12, 15, 16, and 20 cents a mile. One fleet reports it charges 8, 10, or 12 cents a mile depending on the car's engine size, while another said it had a "variable charge based on type of car driven."

The personal use chargebacks in those fleets with a flat monthly or weekly rate vary widely. Among the weekly charges reported is $25 by three fleets; $10 by two fleets, and $13, $15, and $18 by one fleet each. Another fleet charges $18.50 bi-weekly.

Among the monthly rates were $45 and $50 by three fleets each; $35 and $54 a month by two fleets each. Other rates mentioned by one fleet each were $20, $25 to $27.50, $30, $40, $75, $76 to $80, and $100 to $125.

No two fleets in the group have the same combination mileage and flat rate chargeback. Some of the rates quoted are $3.85 a week plus 11 cents a mile; $20 a month plus nine cents a mile; $50 a month and seven cents a mile; $48 a month and 11 cents a mile. Several fleets have a flat monthly charge plus a mileage charge over a certain number of miles. One fleet said its rate is $30 a month plus 20 cents a mile after 150 miles in a month. Another fleet has a minimum charge of $12 a week and charges 16 cents a mile after 75 miles are driven. One fleet has a minimum charge of $40 a month and 10 cents a mile after 400 miles of personal driving.

Twenty-one fleets in the group collect the personal mileage chargeback through an expense report deduction; 20 fleets have a salary deduction program, and seven fleets use other methods, among them adding the charge to the employee's income.

Two fleets in the group permit only the employee to drive the company-provided car. The other 60 fleets in the group allow the employee's spouse to use the car, and 35 fleets allow personal use of the car to licensed children. Fourteen fleets extend the driving privilege to "others," usually defined as individuals living in the employee's household.

Twenty-five fleets in the Manufacturing-Industrial Group have established minimum age limits on use of the company car. In 10 fleets the minimum age is 21; in five it is 18; in four it is 25, and in one fleet the minimum age is 16.

Twenty-nine fleets require the employee to pay at least a portion of repair costs resulting from an accident that occurs during personal use. In one fleet it is the full amount. Eleven fleets assess the driver $100, and two fleets charge $200. One fleet reports it has a sliding scale starting at $100, but if there is a fourth accident the employee is fired. Fifteen fleets use the insurance deductible as the basis for charging repair costs. In four fleets each it is $100 and $250. Two fleets have sliding scales starting at $100 and going up to $500.

2) Fleet Car Assignment

Thirty-two fleets in the group have established a minimum number of business miles as one criterion for company car assignment. In eight fleets each the mileage is 10,000 and 15,000 miles a year. In four fleets the requirement is 18,000 business miles. In other fleets the mileage requirement ranges from a low of 6,000 miles to a high of 30,000 miles. Other requirements mentioned include one year with the company and management approval, location, and time on the job.

3) Business Use of Personal Cars

In compensating employees for use of a personally-owned car when there is no assigned company car, 30 fleets in the group pay 20 cents a mile. Three pay 18 cents a mile; while two each pay 18.5 and 30 cents a mile. One fleet each pays 17, 18.5, 19, 22, 23, 26, and 30 cents a mile.

Four fleets said they reimburse their employees on a "Runzheimer schedule." Other graduated scales include 20 cents for the first 20,000 miles,

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Personal Use Survey Results

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then 11 cents; 8.5 cents a mile plus $180 a month; 20 cents a mile for the first 15,000 miles, then 11 cents; 20.5 cents plus $100 a month; $180 a month and 8 cents a mile; 10 cents a mile and $50 a week; 20 cents a mile for the first 1,000 miles, then 12 cents; 20 cents for the first 1,500 miles, then 11 cents; 20 cents for the first 200 miles a week, then 15 cents, and 21 cents a mile for the first 2,000 miles, then 11 cents a mile.

When an assigned fleet car is not in service, the reimbursement rate is almost always based on mileage alone. In 37 fleets the rate is 20 cents a mile. Three fleets pay 18 cents a mile; and two pay 18.5 cents a mile. Other reimbursement rates mentioned by one fleet each includes 8.3 cents, 12, 17, 19, 21, 22, 23, and 25 cents a mile. Two fleets use a sliding scale for reimbursement — 20 cents a mile for the first 1,000 miles then 15 cents; 20 cents for the first 200 miles, then 15 cents. One fleet pays 10 cents a mile and $50 a week, and another said it uses a "Runzheimer schedule."

4) Compensation for Loss of Car

Twenty-nine fleets in the Manufacturing-Industrial Group said an employee who loses eligibility for a company car is compensated with a one time cash payment or with an opportunity to purchase the car. Among the one-time payments reported were $11,561 less taxes; one-third the cost of the car; $2,000; $2,500; $4,500, $5,000, and $6,000. One fleet said the employee is given a $6,000 bonus over three years which is applied to the purchase of the car; another said the employee is allowed to retain the car.

Among the fleets offering to sell the car to the employee, nine said they base the price on AMR; two offer it at the "lower of book or wholesale value;" while two others said the employee can buy the car at the "book value on the lease." One fleet reports the price to an employee was "net of depreciation." Others offer it at "market value" or "fair market value" less 10 percent. Two fleets said they sell the car at the "clean wholesale" price.

Chemical & Petroleum Group

The Chemical & Petroleum Group consists of 29 fleets operating 33,560 passenger cars (14,959 company-owned, 18,601 leased).

1) Personal Use Policies

Twenty-six of the 29 fleets in the group permit personal use of the company car after working hours and on weekends and holidays. Three fleets permit no personal use at all and six others do not allow the company car to be used for vacation travel. In addition, two other fleets place some limitation on the number of personal miles that can be driven.

Sixteen of the 26 fleets permitting personal use charge the employee for such use; 10 fleets make no charge. Of the 16 fleets, four have a straight mileage chargeback; nine have a flat weekly or monthly charge, and two use a combination of both. Among the fleets with a mileage charge, two charge 13 cents a mile; one each charge 10 and 15 cents a mile.

Among the fleets using a flat monthly charge for personal use, the rate is $25, $30, and $50 a month in two each. Other chargebacks mentioned were (by one fleet each) $26 and $40 a month. One fleet charges $50 a month for mid-size cars and $100 a month for large cars. Combination charges mentioned were 8 cents a mile plus $30 a month and 10 cents a mile plus $35 a month.

Four fleets in the group collect the personal use chargeback by means of an expense report deduction; seven have a salary deduction program, and four use "other" methods of collecting — personal checks or adding the use charge to the employee's annual income.

"More fleets than ever before are collecting personal use chargebacks through a salary deduction program."

Five fleets in the group permit only the employee to drive the company car for personal reasons. The remaining 21 of the 26 that permit personal use extend the privilege to the employee's spouse. Six fleets extend the driving privilege to licensed children, and only one fleet allows its use by "others" living in the same household.

Eight fleets in the group have minimum age requirements for use of the company car. Among those specifically mentioned were 21 and 25 years of age by two fleets each; 18 and 20 years by one fleet each.

Six fleets in the Chemical & Petroleum Group require employees to help pay for repairs required by accidents occurring during personal use. One fleet assesses the full amount of the repairs. One fleet charges $200; another $250 towards the cost. Three fleets in the group ask the employee to pay the insurance deductible.

2) Fleet Car Assignment

Eighteen fleets in the group have established a minimum business mileage as one consideration in assignment of fleet cars. Three fleets set the requirement at 20,000 miles a year. Three each set it at 14,400, 15,000 and 18,000 miles a year. In one fleet the policy calls for assignment of a company-provided car "when rentals exceed cost of permanent car." Another fleet said the requirement was 12,000 miles a year or 150 days out of the office. One fleet set the requirement at 50 percent of the time for travel. Other mileage requirements ranged from a low of 12,000 miles to a high of

21,600 miles a year. Nine fleets in the group report "fringe benefit" is a consideration in eligibility.

3) Business Use of Personal Cars

In reimbursing an employee who does not have an assigned fleet for business use of a personally owned vehicle, 22 fleets pay 20 cents a mile; one each pays 18 and 25 cents a mile. One fleet has a sliding scale of 10 cents a mile for the first 1,000 miles, then 5 cents for additional mileage plus $150 a month. Another fleet pays $195 a month plus 17 cents a mile. One fleet pays 20 cents a mile and $230 a month, while one pays 20 cents a mile for the first 1,250 miles in a month, and 11 cents a mile thereafter.

In all but one fleet the reimbursement policy for use of a personal car when the fleet car is not usable is based on mileage. Twenty-four fleets pay 20 cents a mile; one fleet each pays 17, 18, and 25 cents a mile. One fleet in the group reimburses its employees at 20 cents a mile for the first 900 miles and 11 cents for all additional miles driven in a month.

4) Compensation for Loss of Car

Fourteen fleets in the Chemical & Petroleum Group report that some form of compensation or ability to purchase the car was fleet policy when an employee loses eligibility for a company car. In one case, the employee is allowed to keep the car. One fleet gives a "one time salary adjustment," and one fleet reported its policy was an increase in salary but it was lost if the employee was ever assigned a car again.

Among the fleets that offer to sell the car to the employee, three said the price is set at "wholesale;" two fleets put the price at the car's book value. One said it will sell the car at "book value or one-half AMR, whichever is higher." And one fleet reports the price to an employee is book value plus $300.

"Other"

This group is made up of fleets not included in other industry groups. It includes financial institutions, transportation companies, and marketing

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PERSONAL USE SURVEY SUMMARY

	Insurance (66)		Food & Beverage (27)		Drug & Cosmetics (45)		Mfg. Consumer (53)		Mfg. Industrial (63)		Chemical Petroleum (29)		Others (24)		U.S. Comm. (307)		Public Utility (18)		Government (24)		Canada (52)	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Employees Permitted Personal Use of Car?	64	2	27	—	45	—	52	1	62	1	26	3	17	7	293	14	9	9	12	12	50	2
After working hours	64	—	27	—	45	—	52	—	62	—	26	—	17	—	293	—	9	—	12	—	50	—
Weekends	64	—	27	—	45	—	52	—	61	1	26	—	17	—	292	1	8	1	7	5	50	—
Vacations	62	2	25	2	45	—	51	1	57	5	21	5	17	—	278	15	4	5	1	11	50	—
Limits on Personal Use	8	56	2	25	3	42	6	46	6	56	2	24	3	14	30	263	3	6	3	9	4	46
Charge for Personal Use	60	4	24	3	42	3	47	5	48	14	16	10	16	1	253	40	8	1	6	6	39	11
Mileage Charge	25	—	8	—	17	—	17	—	11	—	4	—	4	—	86	—	4	—	5	—	10	—
Flat Rate	28	—	8	—	18	—	21	—	26	—	9	—	9	—	119	—	3	—	1	—	24	—
Both or Other	7	—	8	—	6	—	7	—	10	—	2	—	3	—	43	—	1	—	—	—	5	—
Personal Use Collected by:																						
Expense Report	35	—	10	—	25	—	23	—	21	—	4	—	9	—	127	—	1	—	1	—	10	—
Salary Deduction	20	—	10	—	14	—	21	—	20	—	7	—	7	—	99	—	4	—	2	—	24	—
Both or Other	5	—	4	—	3	—	3	—	7	—	4	—	—	—	26	—	3	—	3	—	5	—
Use Permitted by:																						
Employee Only	3	—	—	—	—	—	5	—	2	—	5	—	—	—	15	—	5	—	12	—	2	—
Employee & Spouse	61	—	27	—	45	—	47	—	60	—	21	—	17	—	278	—	4	—	—	—	48	—
Employee & Children	33	—	18	—	27	—	30	—	35	—	6	—	8	—	157	—	1	—	—	—	35	—
Employee & Others	9	—	5	—	7	—	7	—	14	—	1	—	2	—	45	—	—	—	—	—	8	—
Age Limits Set	17	47	13	14	19	26	23	29	25	32	8	18	9	10	114	176	2	7	1	11	19	31
Repair Costs Paid For By Employee	18	46	9	18	21	24	25	27	29	33	6	20	10	7	118	175	1	8	4	8	34	16
Full Amount	—	—	—	—	1	—	2	—	1	—	1	—	3	—	8	—	1	—	—	—	2	—
Fixed Share	1	—	—	—	1	—	3	—	—	—	—	—	—	—	5	—	—	—	1	—	2	—
Dollar Amount	9	—	2	—	16	—	10	—	11	—	2	—	2	—	52	—	—	—	1	—	7	—
Insurance Deductible	8	—	7	—	3	—	10	—	15	—	3	—	5	—	51	—	—	—	2	—	23	—
Accident Charged	26	38	17	10	26	19	28	24	39	23	8	18	7	10	151	142	4	9	1	11	27	21

Personal Use Survey Results

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organizations. The group consists of 24 fleets operating 6,754 passenger cars (1,043 company-owned, 5,711 leased).

1) Personal Use Policies

Of the 24 fleets in the group, 17 permit personal use of the company car, while seven do not. The 17 that do allow personal use of the company car permit it to be used after working hours, on weekends, and for vacation travel. Three fleets place some limits on the amount of travel allowed.

Sixteen of the 17 fleets charge for personal use of the company-provided vehicle. Four have a straight mileage chargeback; nine have a flat weekly or monthly charge, while three have a combination of charges. The straight mileage charges are (in one fleet each) 10, 14, 16, and 20 cents a mile.

Two fleets charge their employees $50 a month for personal use. One each have a chargeback of $15 a month; $30 bi-weekly; $11 to $14 a week, and $5 to $12 a week. The combination charges (again, each by one fleet) are $25 a month and 9.5 cents a mile; $20 a month and 10 cents a mile, and $30 bi-weekly plus 10 cents a mile over 1,000 personal miles a month.

"Nearly 70 percent of the fleets using mileage as the measure of personal use chargebacks now charge more than 10 cents a mile."

Nine fleets in the group collect the personal use chargeback through an expense report deduction; seven collect it through a salary deduction program.

Every fleet in the group permits the employee's spouse to drive the company car; eight permit the vehicle to be used by licensed children, and two extend the driving privilege to "others" living in the same household.

Nine fleets in the group have minimum age limits for use of the car. In five fleets the minimum age is 21; in four it is 18. Ten fleets require the employee to pay at least a portion of the repair costs resulting from an accident during personal use. Three fleets assess the full amount of the repair costs. One fleet each charges $100 and $150 as a flat sum contribution. Five fleets charge the insurance deductible which ranges in this group from $100 to $250.

2) Fleet Car Assignment

In 12 fleets business mileage is one of the criteria for assignment of a company car. Three fleets set the minimum number of business miles at 20,000, while two set it at 12,000 miles a year. One fleet each requires minimum business mileage of 7,500, 10,000, 15,600, 18,500 miles. One fleet in the group has different mileage requirements depending on the size of car to be assigned — 8,750 for subcompacts; 10,000 for intermediates, and 12,500 for large cars. One other fleet specifies 12,000 business miles for technicians, and 6,000 miles for supervisors. One fleet requires the employee to be with the company for at least six months and have completed a training program.

3) Business Use of Personal Cars

In reimbursing employees for business use of personal cars (when there is no assigned fleet car), 10 fleets pay 20 cents a mile; two pay 20½ and 22 cents, while one each pays 18, 19, and 23 cents a mile. Five fleets have a combination reimbursement plan. The reimbursement rates are eight cents a mile and $290 a month; 9.5 cents a mile plus $100 a month and insurance; 22 cents a mile and $150 a month; eight cents a mile and $150 a month, and 22 cents a mile plus $400 a month.

When an employee with an assigned fleet car is required to use a personal car for business, 12 fleets in the group pay 20 cents a mile; three pay 20.5, and four pay 22 cents a mile. One each has a reimbursement rate of 18 and 23 cents a mile.

4) Compensation for Loss of Car

Seven fleets in the group reported they make either a cash payment or provide an employee who is no longer eligible for an assigned fleet vehicle the opportunity to buy the car. The cash payments (by one fleet each) are $1,400, $3,000, and $4,500 a year.

Two fleets said they would sell the car to an employee at book value or the "balance due" on the car. One set the price at fair market wholesale; another Blue Book "low;" while two fleets used a percentage of AMR — one said 70% of AMR; the other 10% below AMR fair. ■

What's In Store for March

The March issue of *NAFA Bulletin* will carry the personal use survey results for the public utility, government and Canadian groups.

It will provide you with information on the four fleet management areas: 1) personal use of company-provided vehicles; 2) criteria for assignment of company cars; 3) reimbursement for use of personally owned cars for business, and 4) compensation or sale of cars to employees who no longer qualify for a company-provided vehicle.